

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 28, 1995

SUBJECT: **HB 1812 - SB 1801**

This bill, if enacted, will redefine *fabricating or processing of tangible personal property for resale* in the sales tax law. This bill clarifies that sales and use tax exemptions and reduced rates applicable to purchases made by manufacturers of tangible personal property for resale do not apply to a contractor whose principal business is performance of contracts to improve realty.

The fiscal impact from enactment of this bill is estimated to prevent a decrease in state revenues of approximately \$4,750,000 annually and prevent a decrease in local government revenues of \$1,750,000 annually. These are estimated reductions of revenue which are expected to occur in the absence of the bill.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director